

Big Tech is still making big profits despite investors' displeasure

Article

The trend: Tech's recession isn't as dire for corporations as Wall Street says when put into perspective.

- Although the industry's [pandemic-era growth fell sharply this year](#), Big Tech's profits are still robust.

- Compared with the average tech company that makes **\$182 in profit per second**, Meta generates **\$924 in profits per second**, according to a Tipalti study, per [CNBC](#).
- Google parent **Alphabet** earns **\$1,277** in profits per second, **Microsoft \$1,404**, and **Apple \$1,820**.

Tech workers are bearing the brunt of tech companies' failure to meet investor's expectations, with **over 85,000 US tech sector workers laid off in 2022 as of late November**, per [Crunchbase](#).

Things are looking up: Economic signals indicate that tech's outlook might not be as bad as previously forecast.

- The [US Federal Reserve's interest rate hikes](#) have played a central role in the industry's upheaval and stock market volatility as it tries to rein in inflation.
- Yet consumer price growth has fallen over the past two months—a sign that the worst may be over in terms of interest rate hikes.
- Economists anticipate that consumer price indices will drop to the normal **3% to 3.5%** range by the end of 2023, per [Bloomberg](#).

Tech also has reason to be hopeful based on Black Friday and Cyber Monday sales performance, sending **Amazon's** shares up **0.6%**, per [Reuters](#). And Meta's shares were up **18%** in November, despite having the worst year on its record, per [The Wall Street Journal](#).

- Consumers set a record, spending [\\$9.12 billion online on Black Friday, up 12% YoY](#).
- Sales that day were boosted by **consumer electronics, which jumped 221% online over the October average**, per [CNBC](#). Video games, consoles, drones, and **Apple MacBooks** performed well.
- Similarly, Cyber Monday generated [\\$11.3 billion in online sales, up 5.8% YoY](#), driven by deep discounts on electronics with video games, consoles, **Apple Watches**, drones, and digital cameras some of the top products.

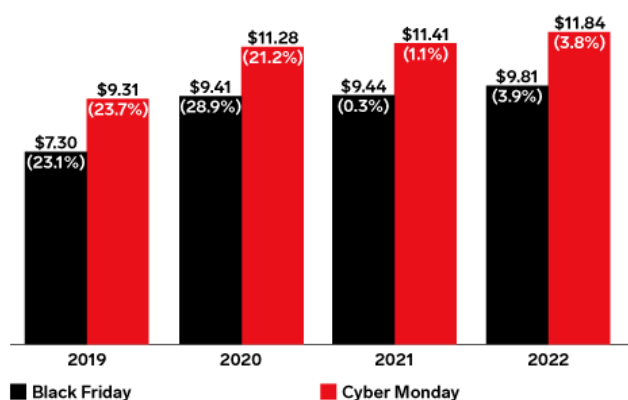
What's the catch? With the war in Ukraine still raging and ongoing supply chain pain from [chaos in China's manufacturing sector](#), cascading effects could blunt tech's recovery.

- Companies like Apple will likely be forced to [diversify production outside of China](#), which will take time and result in revenue disruption.

- We'll likely see another year without swashbuckling innovative endeavors—with [AI a notable exception](#)—as companies stick to tried-and-true revenue generators and [abandon money pits](#).
- It could also mean more layoff announcements in Q4 and Q1, which might exacerbate the industry's labor relations, making it more difficult to build revenue-generating mechanisms.

US Black Friday and Cyber Monday Sales, 2019-2022

billions and % change vs. prior year



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, Sep 2022

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